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SERVICE SECTOR INDICATORS

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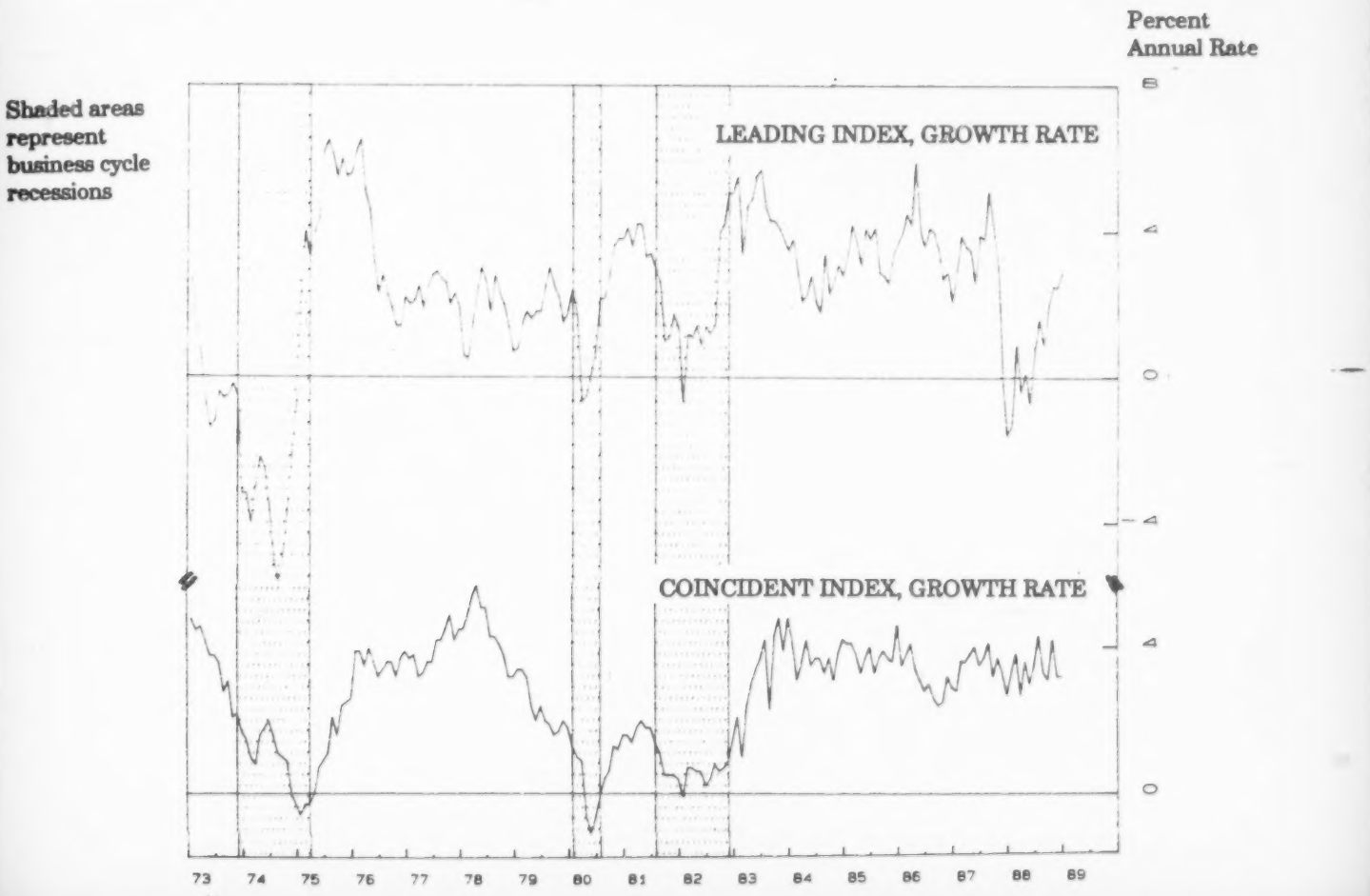
SERVICES GROWTH STEADY

The leading index of service sector activity grew at an annual rate of 2.9% in December, up from a revised 2.5% in November. The firmness in the index reflects a recovery in stock prices for services, coupled with small rises in the average workweek and in contracts for commercial building construction.

The coincident index of service sector activity grew at an annual rate of 3.2% in December, unchanged from November. The stability in the coincident index stems from steadiness in personal consumption expenditures, labor income earned and employee hours worked in service industries, all of which were up just slightly in December.

The steady growth in the leading index, which usually anticipates upswings and downswings in service activity by 6 to 12 months, is a healthy sign for the economy as a whole.



LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1987:						
May	148.5	2.6	32.99	743	93.6	112.8
June	149.9	3.9	32.88	904	100.1	114.3
July	150.3	3.8	32.93	857	101.1	114.5
Aug.	151.7	5.1	33.06	851	107.7	114.9
Sept.	151.4	4.1	33.00	884	103.4	114.8
Oct.	151.1	3.1	32.97	813	92.1	117.1
Nov.	148.9	-0.2	32.96	779	81.8	112.7
Dec.	148.0	-1.6	32.68	890	79.2	111.6
1988:						
Jan.	148.4	-1.3	32.88	716	82.3	110.7
Feb.	150.2	0.9	32.94	948	86.0	111.6
Mar.	149.3	-0.4	32.70	771	87.5	111.9
Apr.	149.8	0.1	33.01	718	85.3	110.2
May	149.2	-0.7	32.80	716	83.0	110.6
June	150.5	0.8	32.82	782	89.2	111.1
July	151.2	1.6	33.04	771	88.7	110.4
Aug.	150.7	0.9	32.72	820	87.9	111.5r
Sept.	151.5	2.0	32.82	771	91.0	111.5
Oct.	151.9r	2.5r	33.01r	663	94.3	110.0
Nov.	152.0r	2.5r	32.82r	763	91.7	111.5P
Dec.	152.6	2.9	32.84	773	92.9	—

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1987:						
May	175.9	4.0	1797.2	1236.3	644.708	104.084
June	176.0	3.5	1800.3	1238.1	643.458	104.339
July	176.7	3.7	1803.5	1245.7	646.298	104.771
Aug.	177.6	4.1	1806.6	1250.7	652.241	105.332
Sept.	177.3	3.2	1811.8	1244.5	649.286	105.391
Oct.	178.3	3.7	1817.1	1256.6	654.064	105.786
Nov.	178.5	3.3	1822.3	1250.2	656.031	106.077
Dec.	178.4	2.7	1826.0	1254.1	653.886	105.794
1988:						
Jan.	179.5	3.3	1829.7	1260.7	660.884	106.641
Feb.	180.5	3.8	1833.4	1268.2	663.790	107.636
Mar.	180.0	2.7	1837.6	1269.0	659.442	107.032
Apr.	181.3	3.6	1841.9	1269.4	669.368	108.109
May	181.2	3.0	1846.1	1272.0	668.072	107.786
June	182.1	3.5	1851.7r	1283.1	668.889	108.546
July	183.4r	4.3r	1857.2r	1285.9	676.839	109.713
Aug.	183.0r	3.3r	1862.8r	1292.3	671.184	108.916
Sept.	183.3r	3.1r	1867.4	1288.5	673.892	109.243
Oct.	184.9r	4.2r	1872.1	1300.5r	683.879r	110.347r
Nov.	184.5r	3.2r	1876.7	1298.3r	677.251r	110.320r
Dec.	185.0	3.2	—	1303.3	679.083	110.506

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months. r = revised. P = preliminary.

Sources:
3. Bureau of Labor Statistics, Production and non-supervisory workers.
4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adusted by CIBCR.
5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
11. Bureau of Labor Statistics. Payroll index, 1977=100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
12. Bureau of Labor Statistics, all employees.

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